



Thaba Chweu Local Municipality
Annual Financial Statements
for the year ended 30 June 2016
Auditor General South Africa

Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2016

General Information

Mayoral committee

Executive Mayor

Councillors

S. Mashigo
AK Mathaila
JB Nkosi
SA Manzini
M Mahlangu
N Janse Van Rensburg
J Lekhuleni
SE Molobela
IT Mokoena
Q Lawrence
NM Masimola
J Mkhize
JM Kock
W De Jong
VS Magagula
RP Malatsi
MC Masilela
PP Chima
NS Sambo
M Phoku
MM Mohlala
PM Mashego
AB Rabie
JA Maolela
JH Lighelm

Grading of local authority

Low Capacity

Accounting Officer

LM Mokwena

Chief Financial Officer

MGT Mnisi

Registered office

Lydenburg
Mpumalanga
South Africa
1120

Business address

Corner Viljoen & Sentraal Street
Lydenburg
Mpumalanga
1120

Postal address

P.O Box 61
Lydenburg
1120

Bankers

Standard Bank of South Africa

Auditors

Auditor General South Africa

Legal form of entity

Local Municipality

Thaba Chweu Local Municipality

(Registration number MP321)

Annual Financial Statements for the year ended 30 June 2016

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

Acronyms

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
PAYE	Pay As You Earn
VAT	Value Added Tax
UIF	Unemployment Insurance Fund

Thaba Chweu Local Municipality

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on government grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the national government has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 4 to 62, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed on its behalf by:

Accounting Officer
LM Mokwena

Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Inventories	8	128 309 770	148 898 230
Receivables from non-exchange transactions	9	22 142 711	42 937 889
VAT receivable	10	9 394 472	8 077 726
Receivables from Exchange Transactions	11	33 479 737	41 905 410
Cash and cash equivalents	12	5 236 857	8 996 986
		198 563 547	250 816 241
Non-Current Assets			
Investment property	3	336 656 624	336 656 624
Property, plant and equipment	4	2 001 898 754	2 006 997 092
Intangible assets	5	-	11 051
Heritage assets	6	360 340	165 344
		2 338 915 718	2 343 830 111
Total Assets		2 537 479 265	2 594 646 352
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	458 766 868	446 481 025
Consumer Deposits	16	4 365 341	4 634 933
Employee benefit obligation	7	28 472 220	29 929 309
Unspent conditional grants and receipts	13	-	12 000 001
Provisions	14	4 009 701	4 448 923
		495 614 130	497 494 191
Total Liabilities		495 614 130	497 494 191
Net Assets		2 041 865 135	2 097 152 161
Accumulated surplus		2 041 865 135	2 097 152 161

* See Note 38

Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2016

Statement Of Financial Performance as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
REVENUE			
Revenue from exchange transactions			
Service charges	17	176 212 974	159 656 189
Rental of facilities and equipment	18	2 804 639	2 660 946
Income from agency services		19 135 953	26 049 886
Finance Income		15 477 095	10 836 326
Other income	19	4 326 825	15 803 423
Total revenue from exchange transactions		217 957 486	215 006 770
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	20	92 514 074	102 028 601
Transfer revenue			
Government grants & subsidies	21	193 572 471	142 573 756
Public contributions and donations	22	16 502 143	-
Traffic Fines		3 814 655	4 923 021
Total revenue from non-exchange transactions		306 403 343	249 525 378
Total revenue		524 360 829	464 532 148
EXPENDITURE			
Employee Related Costs	23	(139 919 982)	(117 951 747)
Remuneration of Councillors	24	(9 485 112)	(9 005 665)
Depreciation and Amortisation	25	(83 774 183)	(86 192 054)
Impairment loss/ Reversal of impairments	26	(395 754)	(650 657)
Finance Costs	27	(45 088 567)	(35 901 194)
Debt impairment	28	(70 375 587)	(107 458 980)
Repairs and Maintenance		(30 377 350)	(17 731 559)
Bulk Purchases	29	(145 403 536)	(131 117 704)
Contracted Services	30	(46 353 030)	(55 569 581)
General Expenses	31	(54 731 534)	(48 133 829)
Total Expenditure		(625 904 635)	(609 712 970)
Operating deficit		(101 543 806)	(145 180 822)
Loss on disposal of assets		(20 321 784)	(42 842 882)
Surplus (deficit) for the year		(121 865 590)	(188 023 704)

* See Note 38

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Statement Of Changes in Net Assets as at 30 June 2016

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	4 644 832 899	4 644 832 899
Adjustments		
Prior year adjustments	(2 359 657 034)	(2 359 657 034)
Balance at 01 July 2014 as restated*	2 285 175 865	2 285 175 865
Changes in net assets		
Deficit for the year	(188 023 704)	(188 023 704)
Total changes	(188 023 704)	(188 023 704)
Opening balance as previously reported	2 063 730 726	2 063 730 726
Adjustments		
Prior year adjustments	33 421 435	33 421 435
Restated* Balance at 01 July 2015 as restated*	2 097 152 161	2 097 152 161
Changes in net assets		
Prior year Adjustments	66 578 564	66 578 564
Net income (losses) recognised directly in net assets	66 578 564	66 578 564
Surplus for the year	(121 865 590)	(121 865 590)
Total recognised income and expenses for the year	(55 287 026)	(55 287 026)
Total changes	(55 287 026)	(55 287 026)
Balance at 30 June 2016	2 041 865 135	2 041 865 135

* See Note 38

Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2016

Cashflow Statement as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
RECEIPTS			
Sale of Goods and Services		241 043 197	246 123 210
Grants		170 360 000	151 705 755
Interest Income		784 621	683 683
Other Receipts		47 436 428	49 437 276
		<u>459 624 246</u>	<u>447 949 924</u>
PAYMENTS			
Employee costs		(150 777 559)	(121 423 028)
Suppliers		(183 932 139)	(236 774 906)
Finance Costs		(45 088 567)	(35 901 194)
		<u>(379 798 265)</u>	<u>(394 099 128)</u>
Net cash flows from operating activities	34	<u>76 825 981</u>	<u>53 850 796</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(79 754 339)	(49 739 190)
Proceeds from sale of property, plant and equipment	4	149 850	-
Purchases of heritage assets	6	(197 000)	-
Net cash flows from investing activities		<u>(80 586 110)</u>	<u>(49 739 190)</u>
Net increase/(decrease) in cash and cash equivalents		(3 760 129)	4 111 606
Cash and cash equivalents at the beginning of the year		8 996 986	4 885 380
Cash and cash equivalents at the end of the year	12	<u>5 236 857</u>	<u>8 996 986</u>

* See Note 38

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	220 406 508	(3 947 547)	216 458 961	176 212 974	(40 245 987)	Note: 42.1
Rental of facilities and equipment	2 639 733	565 511	3 205 244	2 804 639	(400 605)	
Income from agency services	14 353 381	16 481 804	30 835 185	19 135 953	(11 699 232)	Note: 42.2
Interest On Bank	-	-	-	15 477 095	15 477 095	
Other income	4 966 226	54 411 606	59 377 832	4 326 825	(55 051 007)	Note: 42.3
Total revenue from exchange transactions	242 365 848	67 511 374	309 877 222	217 957 486	(91 919 736)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	101 311 147	(14 484 511)	86 826 636	92 514 074	5 687 438	Note: 42.4
Government grants & subsidies	141 394 000	39 875 812	181 269 812	193 572 471	12 302 659	Note: 42.5

Transfer revenue

Public contributions and donations	-	-	-	16 502 143	16 502 143	
Fines	1 720 229	639 441	2 359 670	3 814 655	1 454 985	Note: 42.6

Total revenue from non-exchange transactions	244 425 376	26 030 742	270 456 118	306 403 343	35 947 225	
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Total revenue	486 791 224	93 542 116	580 333 340	524 360 829	(55 972 511)	
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Expenditure

Personnel	(111 559 795)	(23 283 318)	(134 843 113)	(139 919 982)	(5 076 869)	Note: 42.7
Remuneration of councillors	(8 166 519)	1 501 819	(6 664 700)	(9 485 112)	(2 820 412)	
Depreciation and amortisation	(36 384 700)	2 564 900	(33 819 800)	(83 774 183)	(49 954 383)	Note: 42.8
Impairment loss	-	-	-	(395 754)	(395 754)	
Finance costs	(27 756 728)	(16 295 306)	(44 052 034)	(45 088 567)	(1 036 533)	Note: 42.9
Debt impairment	(2 116 000)	2 115 000	(1 000)	(70 375 587)	(70 374 587)	Note: 42.10
Repairs and maintenance	(35 180 776)	5 363 320	(29 817 456)	(30 377 350)	(559 894)	
Bulk purchases	(173 137 722)	68 472 838	(104 664 884)	(145 403 536)	(40 738 652)	Note: 42.11
Contracted Services	(35 212 452)	(18 241 169)	(53 453 621)	(46 353 030)	7 100 591	
General expenses	(35 863 834)	(45 618 770)	(81 482 604)	(54 731 534)	26 751 070	Note 44.11
Grants and Subsidies Paid	(5 549 230)	(1 008 055)	(6 557 285)	-	6 557 285	

Total expenditure	(470 927 756)	(24 428 741)	(495 356 497)	(625 904 635)	(130 548 138)	
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Operating deficit	15 863 468	69 113 375	84 976 843	(101 543 806)	(186 520 649)	
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Loss on disposal of assets and liabilities	-	-	-	(20 321 784)	(20 321 784)	
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Deficit before taxation	15 863 468	69 113 375	84 976 843	(121 865 590)	(206 842 433)	
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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	15 863 468	69 113 375	84 976 843	(121 865 590)	(206 842 433)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	1 432 000	1 068 000	2 500 000	128 309 770	125 809 770	
Receivables from non-exchange transactions	72 889 000	29 437 000	102 326 000	22 142 711	(80 183 289)	
VAT receivable	-	-	-	9 394 472	9 394 472	
Consumer debtors	78 732 000	(2 537 000)	76 195 000	33 479 737	(42 715 263)	
Cash and cash equivalents	704 000	3 368 000	4 072 000	5 236 857	1 164 857	
	153 757 000	31 336 000	185 093 000	198 563 547	13 470 547	
Non-Current Assets						
Investment property	490 330 000	(59 547 000)	430 783 000	336 656 624	(94 126 376)	
Property, plant and equipment	915 612 000	1 212 789 000	2 128 401 000	2 001 899 557	(126 501 443)	
Intangible assets	45 000	(34 000)	11 000	-	(11 000)	
Heritage assets	-	165 000	165 000	360 341	195 341	
	1 405 987 000	1 153 373 000	2 559 360 000	2 338 916 522	(220 443 478)	
Total Assets	1 559 744 000	1 184 709 000	2 744 453 000	2 537 480 069	(206 972 931)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	205 319 000	151 000	205 470 000	458 766 868	253 296 868	
Consumer deposits	4 393 000	241 000	4 634 000	4 365 341	(268 659)	
Employee benefit obligation	-	-	-	28 472 220	28 472 220	
Provisions	16 190 000	469 000	16 659 000	4 009 701	(12 649 299)	
	225 902 000	861 000	226 763 000	495 614 130	268 851 130	
Non-Current Liabilities						
Long Term Borrowings	195 000 000	(195 000 000)	-	-	-	
Provisions	25 856 000	4 073 000	29 929 000	-	(29 929 000)	
	220 856 000	(190 927 000)	29 929 000	-	(29 929 000)	
Total Liabilities	446 758 000	(190 066 000)	256 692 000	495 614 130	238 922 130	
Net Assets	1 112 986 000	1 374 775 000	2 487 761 000	2 041 865 939	(445 895 061)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 112 985 000	1 374 775 000	2 487 760 000	2 041 865 135	(445 894 865)	
Total Net Assets	1 112 985 000	1 374 775 000	2 487 760 000	2 041 865 135	(445 894 865)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Ratepayers and other	263 533 000	(62 270 000)	201 263 000	313 281 235	112 018 235	
Grants	140 680 000	(1 000 000)	139 680 000	151 705 755	12 025 755	
	404 213 000	(63 270 000)	340 943 000	464 986 990	124 043 990	

Payments

Supplier and employee costs	(381 003 000)	26 580 000	(354 423 000)	(396 130 766)	(41 707 766)	
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Net cash flows from operating activities	23 210 000	(36 690 000)	(13 480 000)	68 856 224	82 336 224	
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Net increase/(decrease) in cash and cash equivalents	23 210 000	(36 690 000)	(13 480 000)	68 856 224	82 336 224	
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Cash and cash equivalents at the end of the year	23 210 000	(36 690 000)	(13 480 000)	68 856 224	82 336 224	
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Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Basis of accounting

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the Standards of Generally Recognised Accounting Practice unless specified otherwise. These Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All values have been rounded to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.

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Accounting Policies

1.2 Property, plant and equipment (continued)

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the

assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	5 - 50 years
Furniture and fixtures	5 - 15 years
Motor vehicles	4 - 20 years
Office equipment	5 - 15 years
Computer equipment	5 - 15 years
Infrastructure assets	3 - 100 years
Community assets	5 - 50 years
Plant and equipment	5 - 15 years
Investment property	Indefinite
Heritage	Indefinite

1.3 Intangible assets

- An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.
- - the municipality intends to complete the intangible asset for use or sale;
 - it is technically feasible to complete the intangible asset;
 - the municipality has the resources to complete the project; and
 - it is probable that the municipality will receive future economic benefits or service potential

Intangible assets are initially recognised at cost.

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Accounting Policies

1.3 Intangible assets (continued)

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.

Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straightline method. the annual amortisation rates are based on the following estimated average asset lives.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Performance.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Website development costs	5 years
Computer software	3 years

1.4 Financial instruments

Financial instruments are initially recognised at fair value.

Initial recognition and measurement

Subsequent Measurement

Credit Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the of an approved GRAP104 Standard on Financial Instruments

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Accounting Policies

1.4 Financial instruments (continued)

Investment

Derecognition Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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1.4 Financial instruments (continued)

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities.

A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

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1.4 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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1.5 Leases (continued)

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue from exchange transactions in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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1.6 Inventories (continued)

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow: [Specify criteria]

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1.7 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.7 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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1.8 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

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1.8 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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1.8 Employee benefits (continued)

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

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1.8 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.9 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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1.9 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Subsequent changes in the measurement of provisions relating to rehabilitation of landfill sites as a result of change in estimated cash flows required to settle the obligation will result in increased carrying amounts of the landfill sites to which the provision relates. The adjusted depreciable amount of the landfill sites will be depreciated over the remaining useful life of the landfill site. Once the landfill site has reached the end of its useful life, all subsequent changes in the value of the liability will be recognised in the statement of financial performance.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement.

Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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Accounting Policies

1.10 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.11 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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1.11 Revenue from non-exchange transactions (continued)

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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1.11 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

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Accounting Policies

1.11 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

Services in-kind are recognised as revenue and as assets.

Concessionary loans received

A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

1.12 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.7. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Extended periods is periods that exceeds X months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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Accounting Policies

1.13 Borrowing costs (continued)

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.19 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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1.21 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

The annual financial statements and the budget are not on the same basis of accounting. The actual financial statement information is therefore presented on a comparable basis to the budget information. The comparison and the reconciliation between the Statement of Financial Performance and the budget for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

1.22 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.23 Value Added Tax

The municipality accounts for VAT on the payment basis.

1.24 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

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2016

2015

2. New standards and interpretations

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

3. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	336 656 624	-	336 656 624	336 656 624	-	336 656 624

Reconciliation of investment property - 2016

	Opening balance	Total
Investment property	336 656 624	336 656 624

Reconciliation of investment property - 2015

	Opening balance	Transfers Out	Total
Investment property	337 372 708	(716 084)	336 656 624

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the entity has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

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4. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	9 159 042	-	9 159 042	9 159 042	-	9 159 042
Buildings	247 553 024	(64 410 235)	183 142 789	247 553 024	(57 129 238)	190 423 786
Plant and machinery	1 319 899	(439 614)	880 285	989 297	(341 474)	647 823
Furniture and fixtures	5 283 863	(3 184 643)	2 099 220	5 215 043	(2 886 537)	2 328 506
Motor vehicles	11 054 954	(5 209 299)	5 845 655	11 405 929	(5 300 225)	6 105 704
Office equipment	1 556 555	(832 189)	724 366	1 497 065	(743 378)	753 687
IT equipment	2 896 219	(1 247 292)	1 648 927	2 292 824	(1 032 143)	1 260 681
Infrastructure	2 149 590 727	(620 355 647)	1 529 235 080	2 080 023 766	(551 870 699)	1 528 153 067
Community	301 523 516	(52 938 751)	248 584 765	301 523 516	(46 288 267)	255 235 249
Assets Under Construction	20 578 625	-	20 578 625	12 929 547	-	12 929 547
Total	2 750 516 424	(748 617 670)	2 001 898 754	2 672 589 053	(665 591 961)	2 006 997 092

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	9 159 042	-	-	-	-	-	9 159 042
Buildings	190 423 786	-	-	-	(7 280 997)	-	183 142 789
Plant and machinery	647 823	330 602	-	-	(88 500)	(9 640)	880 285
Furniture and fixtures	2 328 506	68 820	-	-	(292 137)	(5 969)	2 099 220
Motor vehicles	6 105 704	597 165	(80 584)	-	(477 469)	(299 161)	5 845 655
Office equipment	753 687	59 490	-	-	(71 047)	(17 761)	724 369
IT equipment	1 260 681	603 395	-	-	(153 129)	(61 220)	1 649 727
Infrastructure	1 528 153 067	-	(615 162)	70 445 789	(68 748 614)	-	1 529 235 080
Community	255 235 249	-	-	-	(6 650 484)	-	248 584 765
Assets Under Construction	12 929 547	78 094 867	-	(70 445 789)	-	-	20 578 625
	2 006 997 092	79 754 339	(695 746)	-	(83 762 377)	(393 751)	2 001 899 557

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	9 159 042	-	-	-	-	-	9 159 042
Buildings	198 017 141	-	-	-	(7 593 355)	-	190 423 786
Plant and machinery	597 435	112 006	-	-	(58 956)	(2 662)	647 823
Furniture and fixtures	2 237 387	362 098	-	-	(249 390)	(21 589)	2 328 506
Motor vehicles	4 716 260	2 462 739	-	-	(453 021)	(620 274)	6 105 704
Office equipment	797 067	35 095	-	-	(72 343)	(6 132)	753 687
IT equipment	1 116 165	267 535	-	-	(123 019)	-	1 260 681
Infrastructure	1 567 172 642	-	(42 844 855)	74 339 154	(70 513 874)	-	1 528 153 067
Community	259 180 918	-	-	3 070 396	(7 016 065)	-	255 235 249
Assets Under Construction	43 839 380	46 499 717	-	(77 409 550)	-	-	12 929 547
	2 086 833 437	49 739 190	(42 844 855)	-	(86 080 023)	(650 657)	2 006 997 092

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4. Property, plant and equipment (continued)

Pledged as security

No Property, Plant and Equipment were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

5. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer Software	304 430	(304 430)	-	304 430	(293 379)	11 051

Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Computer Software	11 051	(11 051)	-

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer Software	304 430	(293 379)	11 051

Pledged as security

No intangible assets pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

6. Heritage assets

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	362 343	(2 003)	360 340	165 344	-	165 344

Reconciliation of heritage assets 2016

	Opening balance	Additions	Impairment losses recognised	Total
Art Collections, antiquities and exhibits	165 344	197 000	(2 003)	360 341

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6. Heritage assets (continued)

Reconciliation of heritage assets 2015

	Opening balance	Total
Art Collections, antiquities and exhibits	165 344	165 344

Pledged as security

No heritage assets pledged as security.

7. Employee benefit obligations

Defined benefit plan

The amounts recognised in the statement of financial position are as follows:

Post-retirement medical aid benefit liability (carrying value)

Balance at the beginning of the year	29 929 309	25 855 745
Current service cost	1 108 064	959 226
Interest cost	2 722 970	2 272 321
Benefits paid	(1 339 264)	(1 103 012)
Actuarial losses / (gains)	(3 948 859)	1 945 029
	28 472 220	29 929 309

The municipality provides post employment medical aid benefits upon retirement to some retirees and their legitimate spouses.

The entitlement to post-employment medical aid benefits is based on the employees remaining in service up to retirement age and the completion of a minimum service period. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefit are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2016. The present value of the defined obligation, the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care to the following medical aid schemes:

- LA Health
- Key Health
- Bonita's
- Hosed
- Fed Health
- Samwumed

:

Net expense recognised in the statement of financial performance

Current service cost	1 108 064	959 226
Interest cost	2 722 970	2 272 321
Actuarial (gains) losses	(3 948 859)	1 945 029
Settlement	(1 339 264)	(1 103 012)
	(1 457 089)	4 073 564

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7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.85 %	9.24 %
Consumer Price Inflation	7.50 %	6.86 %
Health care cost inflation	9.00 %	8.36 %
Net discount rate	0.78 %	0.81 %

The municipality expects to make a contribution of R2,730,305 to the defined benefit plans during the next financial year.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	4 674 925	3 267 831
Effect on defined benefit obligation	33 207 362	24 660 757

Amounts for the current and previous three years are as follows:

	2016 R	2015 R	2014 R	2013 R	
Defined benefit obligation	28 472 220	29 929 309	25 855 745	21 333 959	-

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7. Employee benefit obligations (continued)

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

Included in defined contribution plan information above, is the following plan(s) which is a Multi-Employer Funds and are a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account for the plan(s) as a defined benefit plan. The municipality accounted for this (these) plan(s) as a defined contribution plan:

Long Service Award

The municipality has an obligation to provide long-service allowance benefits to all its permanent employees. According to the rules of the Long-service allowance scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 40 and 45 years of continued service. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2016. The present value of the long service obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The municipality expects to make a contribution of R 1 223 000 (2015: R 1 461 000) to the defined benefit plans during the next financial year.

Long service award liability

Balance at the beginning of the year	7,302,000	5,841,000
Current service costs	619,000	514,000
Interest cost	589,000	469,000
Benefits paid	(579,000)	(672,000)
Actuarial losses / (gains)	(542,000)	1,150,000
	<u>7,387,000</u>	<u>7 302 000</u>

The amounts recognised in the Statement of Financial Performance are as

Current service costs	619,000	514,000
Interest cost	589,000	469,000
Benefits paid	(579,000)	(672,000)
Actuarial losses / (gains)	<u>(542,000)</u>	<u>1,150,000</u>
	<u>85,000</u>	<u>1461,000</u>

The principal assumptions used for the purposes of the actuarial valuations were as follows

Discount rate	8.83 %	8.40 %
Consumer price inflation	6.53 %	6.09 %
Normal salary increase rate	7.53 %	7.09 %
Net effective discount rate	1.21 %	1.22 %

Other assumptions

Assumed salary cost trend rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed salary cost trend rates would have the following effects:

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7. Employee benefit obligations (continued)		
One percentage	Increase	Decrease
Effect on the accrued liability	6,890,000	7,938,000
Effect on employers cost	1,136,000	1,320,000
8. Inventories		
Consumable stores	1 724 747	2 489 359
Water	99 199	100 376
Properties Available for Transfer	126 485 824	146 308 495
	128 309 770	148 898 230
9. Receivables from non-exchange transactions		
Fines	2 381 885	3 403 296
Provisions for Fines	(2 215 645)	(3 274 446)
Rates	21 976 471	42 809 039
	22 142 711	42 937 889
Receivables from non-exchange transactions pledged as security		
No receivables from non-exchange transactions were pledged as security.		
Credit quality of receivables from non-exchange transactions		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information.		
None of the financial assets that are fully performing have been renegotiated in the last year.		
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	42 085 855	-
Allowance for impairment	32 229 178	42 085 855
	74 315 033	42 085 855
10. VAT receivable		
VAT	9 394 472	8 077 726
11. Consumer debtors		
Gross balances		
Electricity	41 233 120	39 406 443
Water	44 102 187	34 587 319
Sewerage	16 971 621	12 798 233
Refuse	15 604 949	12 556 494
Other	7 115 556	6 019 982
	125 027 433	105 368 471

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11. Consumer debtors (continued)		
Less: Allowance for impairment		
Electricity	(23 656 666)	(16 117 943)
Water	(34 901 309)	(23 569 292)
Sewerage	(13 846 221)	(9 961 338)
Refuse	(12 861 243)	(8 408 495)
Other (specify)	(6 282 257)	(5 405 993)
	(91 547 696)	(63 463 061)
Net balance		
Electricity	17 576 454	23 288 500
Water	9 200 878	11 018 027
Sewerage	3 125 400	2 836 895
Refuse	2 743 706	4 147 999
Sundries	833 299	613 989
	33 479 737	41 905 410
Rates		
Current (0 -30 days)	6 114 413	5 258 814
31 - 60 days	3 935 044	7 236 576
61 - 90 days	2 920 277	3 987 879
91 - 120 days	2 768 125	3 842 656
121 - 150 days	2 761 822	3 801 323
151 - 180 days	80 049 931	58 322 960
	98 549 612	82 450 208
Water		
Current (0 -30 days)	3 922 833	2 476 877
31 - 60 days	1 757 548	1 208 220
61 - 90 days	1 281 366	902 139
91 - 120 days	1 240 721	936 478
121 - 150 days	1 215 713	917 639
151 - 180 days	34 684 005	28 145 965
	44 102 186	34 587 318
Electricity		
Current (0 -30 days)	8 522 711	7 209 024
31 - 60 days	2 941 464	2 774 279
61 - 90 days	1 411 699	2 341 737
91 - 120 days	1 072 276	2 479 196
121 - 150 days	981 109	1 503 357
151 - 180 days	26 303 861	23 098 556
	41 233 120	39 406 149
Sewerage		
Current (0 -30 days)	1 055 935	1 031 837
31 - 60 days	571 499	571 156
61 - 90 days	526 642	453 026
91 - 120 days	480 226	408 348
121 - 150 days	458 228	394 658
151 - 180 days	13 879 092	9 939 209
	16 971 622	12 798 234

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Figures in Rand	2016	2015
11. Consumer debtors (continued)		
Refuse		
Current (0 -30 days)	1 383 084	1 147 081
31 - 60 days	633 913	546 416
61 - 90 days	592 824	434 342
91 - 120 days	546 912	400 078
121 - 150 days	524 808	380 847
151 - 180 days	11 923 409	9 647 730
	15 604 950	12 556 494
Housing rental		
Current (0 -30 days)	238 240	186 166
31 - 60 days	112 774	50 546
61 - 90 days	95 269	34 415
91 - 120 days	77 284	24 189
121 - 150 days	73 802	163 512
151 - 180 days	734 511	198 601
	1 331 880	657 429
Sundry debtors		
Current (0 -30 days)	49 260	54 562
31 - 60 days	46 679	71 033
61 - 90 days	53 749	50 002
91 - 120 days	52 868	50 268
121 - 150 days	52 587	50 044
151 - 180 days	5 525 770	5 075 916
	5 780 913	5 351 825
Reconciliation of allowance for impairment		
Balance at beginning of the year	63 463 061	70 494 407
Contributions to allowance	28 084 635	(7 031 346)
	91 547 696	63 463 061
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	4 862 875	2 211 263
Short-term deposits	373 982	6 785 723
	5 236 857	8 996 986

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Figures in Rand	2016	2015
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12. Consumer debtors disclosure (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
Absa Lydenburg (10-1000-0218)	1 431 694	114 210	423 987	1 431 694	114 210	423 987
Absa Thaba Chweu Projects	3 575	4 676	684	3 575	4 676	683
Absa Sabie (40-5826-4705)	75 128	83 347	128 471	75 129	83 347	128 471
Standard Bank - Ringfence Electricity	53 454	50 330	-	53 454	50 330	-
Standard Bank - Primary Account (24-320-336-5)	3 220 024	1 205 084	1 240 715	3 215 299	1 203 584	1 185 977
Standard Bank - Traffic	140 754	810 121	1 528 341	140 754	810 121	1 528 341
Standard Bank Call - Post Office	57 561	54 525	52 007	57 561	54 525	52 007
Standard Bank MIG - Call	248 208	6 374 232	1 279 045	248 208	6 374 232	1 279 045
Standard Bank MWIG - Call	11 183	301 960	286 869	11 183	301 960	286 869
Total	5 241 581	8 998 485	4 940 119	5 236 857	8 996 985	4 885 380

13. Unspent conditional grants and receipts

Movement during the year

Balance at the beginning of the year	12 000 000	-
Additions during the year	-	12 000 001
Income recognition during the year	(12 000 000)	-
	-	12 000 001

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

14. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Environmental rehabilitation	4 448 923	(439 222)	4 009 701

Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Environmental rehabilitation	687 749	3 761 174	4 448 923

The rehabilitation costs are determined by calculating the volumes of excavations, materials required and legal requirements according to the footprint of each individual site..

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
15. Payables from exchange transactions		
Trade payables	411 142 910	402 900 688
Payments received in advanced - Trade Receivables	10 206 773	16 664 987
Other payables	9 083 994	5 398 177
Retentions	9 471 804	4 099 183
Deferred Income	3 027 274	1 845 980
Accruals	2 284 202	2 905 570
Long service Awards	7 387 000	7 302 000
Leave Provisions	6 162 911	5 364 440
	458 766 868	446 481 025
16. Consumer deposits		
Electricity	4 365 341	4 634 933
17. Service charges		
Sale of electricity	115 469 401	107 733 443
Sale of water	35 762 868	28 862 495
Sewerage and sanitation charges	11 255 930	10 898 612
Refuse removal	13 724 775	12 161 639
	176 212 974	159 656 189
18. Rental of facilities and equipment		
Premises		
Premises	2 804 639	2 660 946
	2 804 639	2 660 946
19. Other income		
Building Plans	283 223	366 082
Bulk Services	67 684	50 808
Sale of stands	105 702	-
Reconnections	126 398	188 497
Sundry Income	3 743 818	15 198 036
	4 326 825	15 803 423

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Figures in Rand	2016	2015
20. Property rates		
Rates received		
Residential	29 009 432	25 886 731
Commercial	12 726 394	13 209 181
State	15 373 012	13 718 586
Small holdings and farms	25 003 256	39 113 600
Institutional	1 953 511	(107 449)
Industrial	2 272 733	2 423 929
Undeveloped land	12 084 229	9 308 948
Less: Income forgone	(5 908 493)	(1 524 925)
	92 514 074	102 028 601
Valuations		
Residential	5 414 536 030	5 414 536 030
Commercial	1 077 101 600	1 077 101 600
State	2 724 502 510	2 724 502 510
Small holdings and farms	5 457 148 770	5 457 148 770
Industrial Property	184 536 800	184 536 800
Undeveloped land	352 979 850	352 979 850
	5 210 805 560	5 210 805 560

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate of R - (2015: R -) is applied to property valuations to determine assessment rates. Rebates of -% (2015: -%) are granted to residential and state property owners.

Rates are levied on an annual basis with the final date for payment being (). Interest at prime plus 1% per annum (2015: -%) and a collection fee of -% (2015: -%), is levied on rates outstanding two months after due date.

The new general valuation will be implemented on 01 July 2017.

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Figures in Rand	2016	2015
21. Government grants and subsidies		
Operating grants		
Equitable share	104 868 000	90 485 000
LG Seta Grant	-	25 755
National EPWP grant	1 340 000	1 657 000
Financial Management Grant	1 675 000	1 600 000
Municipal Systems Grants	930 000	934 000
	108 813 000	94 701 755
Capital grants		
Municipal Infrastructure Grants	73 547 000	45 004 000
Municipal Water Infrastructure Grant	11 212 471	2 868 001
	84 759 471	47 872 001
	193 572 471	142 573 756
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	77 492 000	52 088 756
Unconditional grants received	104 868 000	90 485 000
	182 360 000	142 573 756
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	12 000 001	-
Current-year receipts	64 647 000	57 004 000
Conditions met - transferred to revenue	(73 547 000)	(45 004 000)
Transferred to Equitable shares	(3 100 000)	1
	1	12 000 001
The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure.		
Financial Management Grant (FMG)		
Current-year receipts	1 675 000	1 600 000
Conditions met - transferred to revenue	(1 675 000)	(1 600 000)
	-	-
This grant is used to assist in support and implementation of financial management reforms, attendance at accredited training and capacity building programmes on financial management.		
Municipal Systems Improvement Grant (MSIG)		
Current-year receipts	930 000	934 000
Conditions met - transferred to revenue	(930 000)	(934 000)
	-	-

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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21. Government grants and subsidies (continued)

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

Municipal Water Improvement Grant (MWIG)

Balance unspent at beginning of year	-	2 868 001
Conditions met - transferred to revenue	-	(2 868 001)
	-	-

The grant has been provided by department of Water Affairs to try to get water to areas where it was recognised that full services would not become available.

22. Public contributions and donations

Duma Power Station	9 374 000	-
Public contributions and donations	7 128 143	-
	16 502 143	-

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Figures in Rand	2016	2015
23. Employee related costs		
Basic	86 444 357	71 379 862
Bonus	6 106 380	4 947 945
Medical aid - company contributions	21 261 803	17 832 179
UIF	720 715	574 283
SDL	1 121 405	928 246
Other payroll levies	37 417	31 139
Leave pay provision charge	1 000 233	(465 398)
Overtime payments	4 987 765	4 530 909
Long-service awards	1 606 374	5 534 384
Car allowance	12 572 927	10 157 618
Housing benefits and allowances	983 770	296 179
Insurance Group Life	348 785	276 689
Cellphone and Other Allowances	2 728 051	1 927 712
	139 919 982	117 951 747
Remuneration of municipal manager		
Annual Remuneration	708 180	840 066
Basic Salary Back Pay	23 026	-
Acting Allowance	114 847	96 670
Acting Allowance Back Pay	236 372	-
Travel allowance	221 354	15 820
Travel Allowance back Pay	7 675	-
Contribution to UIF, Medical and Pension Fund	1 933	100 001
	1 313 387	1 052 557
Remuneration of chief finance officer (commenced on 01/02/2015)		
Annual Remuneration	534 745	301 042
Acting Allowance	475 647	-
Acting Allowance Back Pay	27 359	-
Travel Allowance	130 827	-
Other	-	53 125
Other	179 079	595
	1 347 657	354 762
Remuneration of director- Corporate Services		
Annual Remuneration	806 388	295 565
Basic Salary Back Pay	106 282	-
Acting Allowance	61 822	280 229
Acting Allowance Back Pay	52 527	-
Travel allowance	16 309	90 888
Cellphone Allowance	8 427	-
Contribution to UIF, Medical and Pension	107 575	165 061
	1 159 330	831 743
Remuneration of director: Technical Services		
Annual Remuneration	524 384	381 737
Basic Salary Back Pay	19 124	-
Acting Allowance	259 250	180 488
Travel allowance	173 823	112 282
Cellphone Allowance	8 427	-

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Figures in Rand	2016	2015
23. Employee related costs (continued)		
Contributions to UIF, Medical and Pension Funds	120 112	187 113
	1 105 120	861 620
Remuneration of director: Community Services (commence 01/04/2015)		
Basic Salary	665 076	159 375
Travel Allowance	221 744	56 349
Travel Allowance Back Pay	14 024	-
Performance Bonus	42 073	-
Contributions to UIF, Medical and Pension Funds	85 068	13 727
Cellphone Allowance	11 644	3 064
	1 039 629	232 515

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Figures in Rand	2016	2015
24. Remuneration of councillors		
Executive Mayor	802 245	-
Executive Mayor - Resigned	-	662 878
Chief Whip	612 924	497 191
Speaker	666 057	538 074
MMC: Finance and Technical Services	603 589	497 191
MMC: Corporate services and Human Settlement	605 759	497 191
MMC: Community services and Public Services	606 791	497 191
Portfolio Chairperson: MPAC	321 351	255 207
Portfolio Chairperson: land Use committee	331 787	255 207
Ordinary Councillors	4 934 609	5 183 826
	9 485 112	8 883 956

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

The Mayor have the use of separate Council owned vehicles for official duties.

The Executive Mayor has two full-time bodyguards.

25. Depreciation and amortisation

Property, plant and equipment	83 763 132	86 080 027
Intangible assets	11 051	112 027
	83 774 183	86 192 054

26. Impairment of assets

Property, plant and equipment	395 754	650 657
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[Disclose the following information for the aggregate impairment losses and the aggregate reversals of impairment losses recognised during the period for which no information has otherwise been disclosed:]

The main classes of assets affected by impairment losses are:

The main classes of assets affected by reversals of impairment losses are:

The main events and circumstances that led to the recognition of these impairment losses are as follows:

The main events and circumstances that led to the reversals of these impairment losses are as follows:

27. Finance Costs

Interest on Bank Overdraft	886 849	342
Finance costs on overdue accounts	44 201 718	35 900 852
	45 088 567	35 901 194

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Figures in Rand	2016	2015
28. Debt impairment		
Contributions of impairment for Fines	2 215 645	3 274 446
Contributions to debt impairment provision	65 302 728	101 380 482
Debts impaired	2 857 214	2 804 052
	70 375 587	107 458 980
29. Bulk purchases		
Electricity	145 403 536	131 117 704
30. Contracted services		
Information Technology Services	10 578 812	13 185 587
Fleet Services	159 200	4 765 585
Security Services	5 263 392	2 152 542
Specialist Services	8 824 200	8 424 487
Other Contractors	21 527 426	27 041 380
	46 353 030	55 569 581
31. General expenses		
Auditors remuneration	3 790 035	3 808 748
Bank charges	649 601	517 372
Cleaning	63 154	11 400
Computer Costs	1 336 491	1 086 090
Conferences and seminars	652 395	59 595
Consumables	502 570	277 478
Electricity	1 333 844	367 125
Free Basic Services	5 517 478	4 808 957
Fuel and Hire costs	3 386 551	5 724 925
Insurance	541 764	64 073
Job Creation Expenses	9 564 703	7 612 265
Legal Costs	7 715 989	8 532 496
Magazines, books and periodicals	87 119	-
Motor vehicle expenses	148 667	1 275 673
Movement other corrections	433 579	-
Other expenses	1 827 117	1 353 873
Other provisions	(439 222)	400 785
Placement fees	36 877	18 112
Postage and courier	539 906	531 376
Printing and stationery	4 003 500	3 775 367
Protective clothing	365 130	497 881
Public participation and ward committees	527 348	39 138
Refuse	1 538 741	808 912
Sewerage and waste disposal	22 220	-
Staff welfare	1 308 930	5 076
Subscriptions and membership fees	1 335 354	1 244 700
Telephone and fax	2 646 100	1 829 061
Training	1 289 296	1 133 202
Travel - local	1 857 788	898 463
Uniforms	30 493	144 326
Valuations Costs	719 427	534 792
Water	1 398 589	772 568
	54 731 534	48 133 829

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Figures in Rand	2016	2015
32. Distribution losses		
Electricity (losses in units)	43 237 485	36 169 991
Electricity (losses as %)	31	27
	-	-
33. Auditors' remuneration		
Fees	3 790 035	3 808 748
34. Cash generated from operations		
Deficit	(121 865 590)	(188 023 704)
Adjustments for:		
Depreciation and amortisation	83 774 183	86 192 054
Gain on sale of assets and liabilities	20 321 784	42 842 882
Dividends received	784 621	-
Impairment deficit	395 754	650 657
Debt impairment	70 375 587	107 458 980
Movements in retirement benefit assets and liabilities	(1 457 089)	4 073 564
Movements in provisions	(439 222)	(11 741 033)
Other non-cash movements	41 403 355	55 189 929
Changes in working capital:		
Inventories	20 588 460	(145 097 545)
movements in Receivables	(35 755 366)	(15 561 580)
Payables from exchange transactions	12 285 843	102 597 308
VAT	(1 316 746)	1 502 353
Unspent conditional grants and receipts	(12 000 001)	9 131 998
Consumer deposits	(269 592)	4 634 933
	76 825 981	53 850 796

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Figures in Rand	2016	2015
35. Commitments		
Authorised operational expenditure		
Already contracted for but not provided for		
• Commitments from orders	3 850 262	4 485 315
• Contractual Operating Commitments	44 973 327	33 549 288
	48 823 589	38 034 603
Total operational commitments		
Already contracted for but not provided for	48 823 589	38 034 603
Total commitments		
Total commitments		
Authorised capital expenditure	-	12 000 000
Authorised operational expenditure	48 823 589	38 034 603
	48 823 589	50 034 603

This committed expenditure relates to contracted services and orders issued and will be financed by available bank facilities, retained surpluses, existing cash resources.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1 788 720	1 847 132
- in second to fifth year inclusive	447 180	3 900 000
	2 235 900	5 747 132

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

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36. Contingencies

The municipality is involved in several litigation matters. The municipality's attorneys and management have estimated that these matters could result in an estimated liability of R8,449,033.71. The likelihood of these actions being successful are subject to a number of external variables and at this point is deemed to be unlikely.

1. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R64,000.
2. A case has been brought against the municipality regarding the termination of employment contract of Lesinana Christian Ralebipi. The estimated settlement amount is set at R446,637.5
3. A case has been brought against the municipality for breach of contract regarding non payment of invoices relating to Matabane Civil Construction. The estimated settlement amount is set at R3,543,064.00.
4. A case has been brought against the municipality for damages of five horses allegedly electrocuted as a result of the municipality's negligence in not maintaining such electrical poles on the plaintiff's farm. The estimated settlement amount is set at R750,000.
5. A case has been brought against the municipality for loss of support and damages to the plaintiff's deceased wife that passed at Big Swing (Graskop). The estimated settlement amount is set at R825,000.
6. A case has been brought against the municipality by the applicant for the motor bike accident. The estimated settlement amount is set at R2,000,000.
7. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R8,549.84.
8. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R11,344.32.
9. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R14,134.25.
10. A case has been brought against the municipality regarding damages on Telkom cables caused by the municipal workers negligence. The estimated claim amount is set at R36,303.8.

37. Related parties

Relationships

Controlled entities

THALEDI

Related party balances

THALEDI	1 819 519	840 000
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Figures in Rand	2016	2015
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38. Prior period errors

Property, Plant and Equipment were depreciated at the tax rates. The useful lives and residual values were not appropriately considered. (Give the nature of the error.)

The correction of the error(s) results in adjustments as follows:

Statement of financial position	2015	2015 Restated
Property, plant and equipment	2 128 401 604	2 006 997 550
VAT Receivables	8 990 119	8 077 726
Inventories	2 500 903	148 898 230
Receivables from Exchange Transaction	76 195 075	41 905 410
Receivables from Non Exchange Transaction	91 836 152	51 462 351
Investment Property	430 783 973	336 656 624
Provisions	(16 659 567)	(4 448 923)
Payables from Exchange Transaction	(428 388 483)	(446 481 025)
Opening Accumulated Surplus or Deficit	4 586 125 581	2 105 677 081
Statement of Financial Performance		
Traffic fines	3 792 974	4 923 021
Interest Earned - External Investments	-	10 836 326
Other Revenue	28 648 993	15 803 423
Employee Related Costs	(117 617 658)	(117 951 747)
Remuneration of Councillors	(8 883 956)	(9 005 665)
Depreciation and Amortisation	(86 129 571)	(86 192 054)
Repairs and Maintenance	(18 214 796)	(17 731 559)
Bulk Purchases	(131 021 276)	(131 117 704)
Contracted Services	(54 002 276)	(55 569 581)
Debt impairment	(21 196 068)	(107 458 980)
General Expenses	(50 501 211)	(48 133 829)

39. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Budgeted Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. Surplus cash are held as short term deposits to assist in settling future commitments.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Thaba Chweu Local Municipality

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Annual Financial Statements for the year ended 30 June 2016

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Figures in Rand	2016	2015
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39. Risk management (continued)

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

40. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

41. Events after the reporting date

The accounting officer is not aware of any matter or event arising since the end of the reporting period. and the date of this report, which will significantly affect the financial position and results of the municipality's operations.

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
42. Unauthorised expenditure		
Opening Balance	43 403 811	-
Overspending of expenditure	20 748 359	43 403 811
Less: Amounts condoned	(43 403 811)	-
	20 748 359	43 403 811
43. Fruitless and wasteful expenditure		
Opening Balance	48 327 655	11 631 999
Add: Fruitless & Wasteful Expenditure	44 206 695	36 695 656
	92 534 350	48 327 655
44. Irregular expenditure		
Opening balance	171 178 575	150 572 270
Add: Irregular Expenditure - current year	28 756 863	20 606 305
Less: Amounts condoned	(171 178 575)	-
	28 756 863	171 178 575
Analysis of expenditure awaiting condonation per age classification		
Current year	43 004 034	-
Details of irregular expenditure - current year		
Non Compliance of SCM	Disciplinary steps taken/criminal proceedings Awaiting Condonment - Current year	43 004 034
Details of irregular expenditure condoned		
Prior year	Condoned by (Council meeting 25 May 2016)	171 178 575

45. Deviation from supply chain management

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.:

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
. Deviation from supply chain management (continued)		
The municipality's property was about to be invaded which is earmarked for future developments. The event of illegal invasion was unforeseeable therefore the deviation is justified - T.M.Chauke Inc (Attorneys&Conveyors)	172 285	-
The municipality received the summons which emanated from a motorbike accident wherein the municipality was held liable due to the state of the road. - T.M.Chauke Inc (Attorneys&Conveyors)	116 134	-
The sheriff was attaching and removing municipal assets which were to be sold on a public auction. This is viewed as emanating from poor planning as Legal should have timeously defended the judgements. - Phungo incorporated	856 370	-
Highly specialised electrical equipment in the form of T-3 switches was burned out. 20% of the town was left in the dark without any electricity power.	12 992	-
Community members who are viewed as recyclers were invading the landfill site. The situation needed to be contained by obtaining the services of a security company. - Vuthela africa security services	195 510	-
Community members who are viewed as recyclers were invading the landfill site. The situation needed to be contained by obtaining the services of a security company. - Vuthela africa security services	84 360	-
A claim was then lodged with the municipal insurance company to replace the entire 630 kva mini sub. The insurance company then appointed Didintle Electrical to commence with the replacement proceedings. Didintle Electrical	104 400	-
The reason for this deviation was to maintain consistency and similarity with the first batch that was printed therefore Meikadi supplies cc	198 664	-
There was a burst pipe which also resulted in the destruction of certain water connections in Kellysville/beverly hill. Tim Trading	2 648	-
Union motors are the sole dealership qualified in terms of conducting repairs to Mercedes Bens. - Union Motors Lowveld	25 442	-
Sole Supplier for accounting system - Sebata Municipal Solutions	32 376	-
The municipality just needed to pay access to the insurance company for the replacement. - Unics Technologies	40 160	-
The municipality just needed to pay access to the insurance company for the replacement. - Tringani Holdings	197 490	-
People were invading the municipal property The municipality had to remove and prevent further invasions. - Vuthela Africa Security Services	111 150	-
Community members were invading extension 2. - Mathata security services	72 000	-
The municipality was informed on the 09/07/2015 by the District Municipality of the training which is to take place on the 16/07/2015. the Community Services department only sent the request for transport to SCM on the 15/07/2015.	2 300	-
Technical Department needed to commence with the programming of kva max demand meters for our big electricity consuming clients or large power users. - mabunga brothers electrical	35 910	-
Sole Supplier. Lowveld media	5 329	-
Two 35mm2 pilc cables were damaged by a tlb excavations on Friday 03 July 2015 in sabie town, the whole town had no electricity supply. - Ermsa Electrical Holdings	80 502	-
Sole Supplier. Lowveld media	77 950	-
Sole Supplier - Thaba Chweu Newspaper	49 880	-
The sheriff of the court forcefully entered the municipal premises to execute an attachment order by the courts. Serrso Trading and Projects	56 863	-
There was an armed robbery at the Graskop Workshop where the perpetrators forcefully entered and damaged the municipal gate. - charlmashe strategic investments	110 200	-
Sole Supplier. Lowveld media	77 950	-
A key service delivery vehicle broke down unexpectedly. - Ank Mining Supplies (Pty)Ltd	32 979	-

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Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
. Deviation from supply chain management (continued)		
A key service delivery vehicle broke down unexpectedly. - Ank Mining Supplies (Pty)Ltd	24 188	-
Residents were left without any Electricity. - Phalafala yalla Trading	59 492	-
Sole Supplier - Van der nest furnitures	25 132	-
TThis is a specialized machin and coud only be obtained from - EB's Electrical.	65 336	-
the community of simile were left without electricity. Mandlakazi electrical tech	30 791	-
Sole Supplier - Westvaal Nelspruit	11 000	-
There was no water at Sabie, Simile and Harmony Hill due to a faulty damaged panel at the Simile Pum Station. EB's Elektriese	40 945	-
The Executive Mayor's Vehicle broke down unexpectedly and was urgently booked in for repairs. The vehicle still booked for repairs. The Executive Mayor needed a vehicle in the meantime therfore we urgently needed to rent a vehicle for official purposes. Amahayena Holdings	43 500	-
People were invading the municipal property (Chinese housing project). Vuthela Africa Security Services	111 150	-
There was an unexpected fire at the Graskop Landfill Site which proved to be hazardous to the community. - Mahlo ke Diala Services CC	180 576	-
There was a faulty transformer which hampered continous power supply to members of the community. Lateral Union Insurance Brokers	62 257	-
A new minisub had to be urgently sourced in order to restore the water supply to the residents. Lateral Union Insurance Brokers	325 875	-
The floodings of the extention 6 substation as a result of the breakdown,thus necessitating the urgent to hire a sludge pump. LED Electrical &Pumps	60 980	-
The transformer ,poles and conductor were stolen as well as part of the Apolllo lights. Mavutha Contactors Enterprise cc	438 740	-
Sole Supplier - GPS new and Printing	4 970	-
Providing a legal opinion on the extention of the Municipal Manager Acting appointment in terms of the system Act and to advice on its lagality. Mokgwatsane Attorneys	39 215	-
Fine for municipality failing to attend hearing . SALGBC	12 500	-
There was an urgent application for High court matter on a case. Macbeth Attorneys	68 936	-
There was an urgent application for High court matter on a case. Macbeth Attorneys	288 544	-
Municipality is being sued by the applicant (Samuels)for loss of life and damages suffered as a result of an accidnet at Graskop Big Swing. Matsane Attorneys	39 600	-
There was a huge backlog on legal matters which had led to many warrents of executions as the matters were not defended. - Phungo Incorporated	693 433	-
Payment of an urgent exparte application in court for purpose of stopping one of the business operation in Mashishing. - F.M Maluleka INC	66 887	-
The Executive Mayor's Vehicle broke down unexpectedly and was urgently booked in for repairs. - Amahayena Holdings (PTY)LTD	107 700	-
Sole Supplier - Abeco Tanks PTY LTD	77 520	-
Training for councillors - SAIL	525 000	-
Training for councillors - Khosithi Clearing and Consultant	29 980	-
Sole Supplier - Lowveld media	25 471	-
Sole Supplier - Lowveld media	30 393	-
Sole Supplier - Thaba Chweu News	7 435	-
Sole Supplier - Thaba Chweu News	9 500	-
Sole Supplier - Lowveld media	31 577	-
Sole Supplier - Mash FM	18 000	-
Sole Supplier - Global Prospectus Training	7 490	-
There was a breakdown at the sewer substation which resulted in spilliage in the near by river. - EB'S Elektiese Kontrakteurs	55 290	-
There was a failure at a 50 Kva,11kv 3 phase transformer which failed at mosterhoek due to lightning strikes. Mandlakazi Electrical	47 652	-
Due to a burst pipe the community was left with no water for days while the repairs were being undertaken. Mahlo ke Diala Services CC	199 386	-
There was a warrant of execution by way of costs of convenience. pieter Nel	12 475	-
There was a warrant of execution by way of costs of convenience. Potgieter	1 535	-

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
. Deviation from supply chain management (continued)		
The reason for deviating is that there was no ring around the main feed. No sense of urgency has been depicted by the Technical Department. - M& V Electrical Construction	87 749	-
There was a warrant of execution by way of costs of convenience. - Lot Machete Sheriff for Graskop	76 027	-
There was an unexpected malfunction of the Council Chamber Microphone system while there was to be a council seating within a few days time. Pimulekwa Office Automation (Pty) Ltd	291 720	-
Sole Supplier - Mash FM	55 200	-
Sole Supplier - Mash FM	54 000	-
Transformer failure - Mandlakazi Electrical Technologies	26 585	-
Sole Supplier - Longtom Nissan	4 291	-
There was a huge backlog on legal matters which had led to many warrents of executions as the matters were not defended. - Phungo Incorporated	1 208 920	-
Traffic Light was not working due to lightning strike damage control panel and this intersection of main street Voortrekker & Hoerskool. - Vhahashu Power Engineering CC	96 102	-
The connectors are a safety hazard to the residents and promote illegal connections of electricity which causes high technical losses. - Nokwazi Electrical CC	90 014	-
Sole Supplier - Union Motors Lowveld	32 415	-
To make an eviction application in high court for chinese housing project in Graskop, after an illegal occupation by the community. - T.M Chauke INC (Attorneys & Conveyors)	446 560	-
The load on the 4.5 MVA transformer was too much due to tempering and bridging which caused a disturbance in the continous supply of electricity. - Phalafala Yalla Trading and Projects	120 749	-
To defend an action in which the municipality is being sued by South Africa Local Authorities Pension Fund. Matsane Attorneys INC	62 331	-
Applicant obtained a spoilation court order that prohibits the municipality from switching or disconnecting the electricity from its business premises. - Matsane Attorneys INC	63 803	-
There was a warrant of execution against the municipality. - Balju Landroshof	54 832	-
Specialised mounted crane truck - Phehlane Projects cc t/a Paledi Electric	57 000	-
Specialised sealed machine for Cable faults location. - Southern Africa Fault Location	1 437	-
There was a warrant of execution against the municipality. - Potgieter D Attorneys	5 511	-
Specialised Truck - Barko Developments (Pty) Ltd	6 156	-
Sole Supplier - Sebata Municipal Solutions	59 280	-
disturbance of power supply - Phalafala Yalla Trading and Projects	97 511	-
An auxillary transformer burnt out at the industrial sub station which led to no power supply to some parts of Lydenburg. - Phalafala Yalla Trading and Projects	80 476	-
Urgent application for High court matter on a case. - Macbeth Attorneys	116 197	-
H.T Cable that needed to be repaired at water worker's street 4 point of joint. - M& V Electrical Construction	41 432	-
Sole Supplier- Pitney Bowes	12 825	-
Specialised Truck - Barko Developments (Pty) Ltd	10 260	-
Access amount for the insurance claim. - Quickstep157:t/a PG Glass Lydenburg	2 573	-
Sole Supplier - Lowveld Media	2 631	-
Sole Supplier - Thaba Chweu News	5 200	-
The breakdown of the printing machine at records was unexpected. - Nomcebo Consulting Enterprise	8 142	-
Sole Supplier - Lowveld Media	14 603	-
Sole Supplier - Sebata Municipal Solutions	59 280	-
Warrant of execution - Lot Machete Sherriff for Graskop	65 066	-
BY Laws - Government printing	500	-
Sole Supplier - Lowveld Media	7 893	-
Community without electricity for 12hours. - Lateral Union Insurance Brokers	160 000	-
breakdown at the Mashishing pump station. - EB's Elektriese Kontrakteurs	61 583	-
Sole Supplier - Conway General Sabie	4 132	-
Sole Supplier - Lowveld Media	2 105	-

Thaba Chweu Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2016	2015
. Deviation from supply chain management (continued)		
Sole Supplier - IMMSA	5 000	-
Sole Supplier - Lowveld Media	15 787	-
Sole Supplier - Lowveld Media	15 787	-
There was an urgent application for High court matter on a case. - F.M Maluleka	150 229	-
Sole Supplier - Lowveld Media	1 973	-
Sole Supplier - Lowveld Media	3 289	-
Sole Supplier - Lowveld Media	1 447	-
Sheriff was at a stage of removing movable properties belonging to the municipality for purpose of selling same at a public auction. - Lot Machete Sheriff for Graskop	167 066	-
warrant of execution or legal costs, be paid to avoid cost escalation due to interest - Lot Machete Sheriff for Graskop	19 668	-
Access paid for insurance claim - Dent Out CC t/a Dent Doctor	2 500	-
Borehole blocked leaving community without water - LED Electrical & Pumps	103 968	-
The Matter was urgent as it was never reported to the office of HR until that someone had passed on it was reported by the Department of Labour. - Cinamsebenzi Training and Development	125 000	-
Breakdown Graskop sewer station - EB's Elektriese Kontrakteurs	7 535	-
Sole Supplier - Lowveld Media	61 042	-
Sole Supplier - GPS News and Printing	5 470	-
Sole Supplier - Mash FM	12 800	-
Sole Supplier - Mash FM	20 900	-
Sole Supplier - Thaba Chweu News	8 200	-
Sole Supplier - GPS News and Printing	5 470	-
Sole Supplier - Thaba Chweu News	26 800	-
cable was damaged by the contrcator that is building up the road in Mashishing - Phehlane Projects CC t/a Paledi Electric	192 299	-
Insuranc claim - R &P Auto Body	2 500	-
Sole Supplier - Sebata Municipal Solutions	59 280	-
burst pipe in Lydenburg and Mashishing - N3 Rapid Response	6 000	-
Mayor's car brokendown, a car hired for official business - Amahayena Holdings (Pty) Ltd	23 100	-
Mayor's car brokendown, a car hired for official business - Amahayena Holdings (Pty) Ltd	16 500	-
Sole Supplier - Lowveld Media	7 400	-
Sole Supplier - Thaba Chweu News	8 200	-
Sole Supplier - Thaba Chweu News	24 600	-
Sole Supplier - Lowveld Media	2 631	-
Sole Supplier - Lowveld Media	9 735	-
Government Printing Works - By laws	5 000	-
Mayor's car brokendown, a car hired for official business - Amahayena Holdings (Pty) Ltd	46 200	-
Sole Supplier - Lowveld Media	45 781	-

Appendix B

August 2015

Analysis of property, plant and equipment as at 30 June 2016

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	9 159 042	-	-	-	-	-	9 159 042	-	-	-	-	-	-	9 159 042
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	20 908 840	-	-	-	-	-	20 908 840	(6 117 169)	-	-	(706 361)	-	(6 823 530)	14 085 310
	30 067 882	-	-	-	-	-	30 067 882	(6 117 169)	-	-	(706 361)	-	(6 823 530)	23 244 352
Infrastructure														
High voltage	3 852 900	-	-	-	-	-	3 852 900	(1 035 752)	-	-	(86 630)	-	(1 122 382)	2 730 518
Low voltage	40 363 533	-	-	-	-	-	40 363 533	(12 216 872)	-	-	(1 603 757)	-	(13 820 629)	26 542 904
Medium voltage	108 115 470	-	-	-	-	-	108 115 470	(32 185 089)	-	-	(5 735 485)	-	(37 920 574)	70 194 896
Electrical service connections	72 756 790	-	-	-	-	-	72 756 790	(20 442 291)	-	-	(2 425 104)	-	(22 867 395)	49 889 395
Public lighting	18 311 370	-	-	-	-	-	18 311 370	(5 526 270)	-	-	(678 820)	-	(6 205 090)	12 106 280
Paved roads	229 030 344	-	-	-	-	-	229 030 344	(76 216 000)	-	-	(6 377 278)	-	(82 593 278)	146 437 066
Unpaved roads	116 317 596	-	-	-	-	-	116 317 596	(26 577 060)	-	-	(3 237 608)	-	(29 814 668)	86 502 928
Traffic management	2 049 556	-	-	-	-	-	2 049 556	(529 328)	-	-	(136 500)	-	(665 828)	1 383 728
Sewerage connection	2 961 368	-	-	-	-	-	2 961 368	(855 981)	-	-	(95 049)	-	(951 030)	2 010 338
Sewerage distribution	23 885 237	-	-	-	-	-	23 885 237	(5 940 052)	-	-	(597 107)	-	(6 537 159)	17 348 078
Waste water treatment works	3 071 385	-	-	-	-	-	3 071 385	(650 055)	-	-	(102 376)	-	(752 431)	2 318 954
Water connections	55 559 072	-	-	-	-	-	55 559 072	(16 211 903)	-	-	(1 855 587)	-	(18 067 490)	37 491 582
pump station	2 179 580	-	-	-	-	-	2 179 580	(861 166)	-	-	(187 983)	-	(1 049 149)	1 130 431
water reticulation	39 339 231	-	-	-	-	-	39 339 231	(10 521 717)	-	-	(993 554)	-	(11 515 271)	27 823 960
Water treatment works	2 052 390	-	-	-	-	-	2 052 390	(670 089)	-	-	(104 162)	-	(774 251)	1 278 139
Storage	18 706 410	-	-	-	-	-	18 706 410	(16 171 015)	-	-	(562 030)	-	(16 733 045)	1 973 365
Source	101 593 089	-	-	-	-	-	101 593 089	(3 134 042)	-	-	(2 413 005)	-	(5 547 047)	96 046 042
Storm water	111 383 258	-	-	-	-	-	111 383 258	(25 005 734)	-	-	(1 899 275)	-	(26 905 009)	84 478 249
Asset under construction	24 810 699	59 266 844	-	(23 829 004)	-	-	60 248 539	-	-	-	-	-	-	60 248 539
	976 339 278	59 266 844	-	(23 829 004)	-	-	1 011 777 118	(254 750 416)	-	-	(29 091 310)	-	(283 841 726)	727 935 392
Community Assets														
Community halls	70 511 826	7 750 647	-	-	-	-	78 262 473	(3 071 658)	-	-	(783 421)	(736 311)	(4 591 390)	73 671 083
Air fields	494 462	-	-	-	-	-	494 462	(121 326)	-	-	(15 014)	-	(136 340)	358 122
Cemeteries	6 869 152	16 078 357	-	-	-	-	22 947 509	(109 206)	-	-	(51 548)	(803 913)	(964 667)	21 982 842
Clinics	4 155 275	-	-	-	-	-	4 155 275	(839 878)	-	-	(103 170)	-	(943 048)	3 212 227
Libraries	4 857 454	-	-	-	-	-	4 857 454	(666 198)	-	-	(112 482)	-	(778 680)	4 078 774
Landfills	5 126 699	3 128 083	-	-	-	-	8 254 782	(1 059 860)	-	-	(359 275)	-	(1 419 135)	6 835 647
Parks	1 461 195	-	-	-	-	-	1 461 195	(2 901)	-	-	(331)	-	(3 232)	1 457 963
Recreational halls	3 765 947	-	-	-	-	-	3 765 947	(927 573)	-	-	(106 008)	-	(1 033 581)	2 732 366
Sports centres	15 346 028	-	-	-	-	-	15 346 028	(264 361)	-	-	(31 642)	-	(296 003)	15 050 025
Taxi ranks and buss terminals	657 821	-	-	-	-	-	657 821	(118 709)	-	-	(21 464)	-	(140 173)	517 648
Source	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset under construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	113 245 859	26 957 087	-	-	-	-	140 202 946	(7 181 670)	-	-	(1 584 355)	(1 540 224)	(10 306 249)	129 896 697

Appendix B

August 2015

Analysis of property, plant and equipment as at 30 June 2016

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
M	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets														
Museums	435 199	-	-	-	-	-	435 199	-	-	-	-	-	-	435 199
Historical buildings	2 085 312	-	-	-	-	-	2 085 312	-	-	-	-	-	-	2 085 312
Paintings and artifacts	61 684	-	-	-	-	-	61 684	(1 433)	-	-	-	-	(1 433)	60 251
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2 582 195	-	-	-	-	-	2 582 195	(1 433)	-	-	-	-	(1 433)	2 580 762
Other assets														
Office equipment	1 767 278	31 750	-	-	-	-	1 799 028	(377 819)	-	-	(173 016)	-	(550 835)	1 248 193
Furniture and equipment	4 813 844	161 247	-	-	-	-	4 975 091	(770 862)	-	-	(501 722)	-	(1 272 584)	3 702 507
Plant and equipment	1 355 861	-	-	-	-	-	1 355 861	(318 747)	-	-	(285 563)	-	(604 310)	751 551
Motor vehicle	5 022 851	-	-	-	-	-	5 022 851	(1 887 576)	-	-	(504 787)	-	(2 392 363)	2 630 488
Computer equipment	2 645 491	113 565	-	-	-	-	2 759 056	(453 357)	-	-	(180 757)	-	(634 114)	2 124 942
Computer software (Part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	15 605 325	306 562	-	-	-	-	15 911 887	(3 808 361)	-	-	(1 645 845)	-	(5 454 206)	10 457 681

Appendix B

August 2015

Analysis of property, plant and equipment as at 30 June 2016

Cost/Revaluation

Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	30 067 882	-	-	-	-	-	30 067 882	(6 117 169)	-	-	(706 361)	-	(6 823 530)	23 244 352
Infrastructure	976 339 278	59 266 844	-	(23 829 004)	-	-	1 011 777 118	(254 750 416)	-	-	(29 091 310)	-	(283 841 726)	727 935 392
Community Assets	113 245 859	26 957 087	-	-	-	-	140 202 946	(7 181 670)	-	-	(1 584 355)	(1 540 224)	(10 306 249)	129 896 697
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	2 582 195	-	-	-	-	-	2 582 195	(1 433)	-	-	-	-	(1 433)	2 580 762
Other assets	15 605 325	306 562	-	-	-	-	15 911 887	(3 808 361)	-	-	(1 645 845)	-	(5 454 206)	10 457 681
	1 137 840 539	86 530 493	-	(23 829 004)	-	-	1 200 542 028	(271 859 049)	-	-	(33 027 871)	(1 540 224)	(306 427 144)	894 114 884
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	304 430	-	-	-	-	-	304 430	(209 100)	-	-	(49 613)	-	(258 713)	45 717
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	304 430	-	-	-	-	-	304 430	(209 100)	-	-	(49 613)	-	(258 713)	45 717
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	30 067 882	-	-	-	-	-	30 067 882	(6 117 169)	-	-	(706 361)	-	(6 823 530)	23 244 352
Infrastructure	976 339 278	59 266 844	-	(23 829 004)	-	-	1 011 777 118	(254 750 416)	-	-	(29 091 310)	-	(283 841 726)	727 935 392
Community Assets	113 245 859	26 957 087	-	-	-	-	140 202 946	(7 181 670)	-	-	(1 584 355)	(1 540 224)	(10 306 249)	129 896 697
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	2 582 195	-	-	-	-	-	2 582 195	(1 433)	-	-	-	-	(1 433)	2 580 762
Other assets	15 605 325	306 562	-	-	-	-	15 911 887	(3 808 361)	-	-	(1 645 845)	-	(5 454 206)	10 457 681
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	304 430	-	-	-	-	-	304 430	(209 100)	-	-	(49 613)	-	(258 713)	45 717
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 138 144 969	86 530 493	-	(23 829 004)	-	-	1 200 846 458	(272 068 149)	-	-	(33 077 484)	(1 540 224)	(306 685 857)	894 160 601

Appendix B

Analysis of property, plant and equipment as at 30 June 2015	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land	9 159 042	-	-	-	-	-	9 159 042	-	-	-	-	-	-	9 159 042
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	247 553 024	-	-	-	-	-	247 553 024	(49 535 883)	-	-	(7 593 355)	-	(57 129 238)	190 423 786
	256 712 066	-	-	-	-	-	256 712 066	(49 535 883)	-	-	(7 593 355)	-	(57 129 238)	199 582 828
Infrastructure														
High Voltage	3 852 900	-	-	-	-	-	3 852 900	(949 122)	-	-	(86 630)	-	(1 035 752)	2 817 148
Low Voltage	40 363 533	-	-	-	-	-	40 363 533	(10 613 115)	-	-	(1 603 757)	-	(12 216 872)	28 146 661
Medium Voltage	108 115 470	-	-	-	-	-	108 115 470	(26 449 604)	-	-	(5 735 485)	-	(32 185 089)	75 930 381
Electrical Service Connections	72 756 790	-	-	-	-	-	72 756 790	(18 017 186)	-	-	(2 425 104)	-	(20 442 290)	52 314 500
Public Lighting	18 311 370	-	-	-	-	-	18 311 370	(4 847 449)	-	-	(678 820)	-	(5 526 269)	12 785 101
Paved Roads	227 200 766	-	-	1 829 578	-	-	229 030 344	(69 846 939)	-	-	(6 369 062)	-	(76 216 001)	152 814 343
Unpaved Roads	116 317 596	-	-	-	-	-	116 317 596	(23 339 452)	-	-	(3 237 608)	-	(26 577 060)	89 740 536
Traffic Management	2 049 556	-	-	-	-	-	2 049 556	(392 827)	-	-	(136 500)	-	(529 327)	1 520 229
Sewerage Collection	2 961 368	-	-	-	-	-	2 961 368	(760 932)	-	-	(95 049)	-	(855 981)	2 105 387
Sewerage Distribution	23 885 237	-	-	-	-	-	23 885 237	(5 342 946)	-	-	(597 107)	-	(5 940 053)	17 945 184
Waste Water Treatmwnt Works	3 071 385	-	-	-	-	-	3 071 385	(547 679)	-	-	(102 376)	-	(650 055)	2 421 330
Water Connections	55 559 072	-	-	-	-	-	55 559 072	(14 356 315)	-	-	(1 855 587)	-	(16 211 902)	39 347 170
Pump Station	2 179 580	-	-	-	-	-	2 179 580	(673 182)	-	-	(187 983)	-	(861 165)	1 318 415
Water Reticulation	39 339 231	-	-	-	-	-	39 339 231	(9 528 163)	-	-	(993 554)	-	(10 521 717)	28 817 514
Water Treatment Works	2 052 390	-	-	-	-	-	2 052 390	(565 926)	-	-	(104 162)	-	(670 088)	1 382 302
Storage	18 706 410	-	-	-	-	-	18 706 410	(13 758 011)	-	-	(2 413 005)	-	(16 171 016)	2 535 394
Source	101 593 089	-	-	-	-	-	101 593 089	(2 572 012)	-	-	(562 030)	-	(3 134 042)	98 459 047
Storm Water	111 383 258	-	-	-	-	-	111 383 258	(23 106 458)	-	-	(1 899 275)	-	(25 005 733)	86 377 525
Assets Under Construction	3 780 335	29 413 764	-	(8 383 400)	-	-	24 810 699	-	-	-	-	-	-	24 810 699
	953 479 336	29 413 764	-	(6 553 822)	-	-	976 339 278	(225 667 318)	-	-	(29 083 094)	-	(254 750 412)	721 588 866
Community Assets														
Community Halls	63 958 002	-	-	6 553 822	-	-	70 511 824	(2 167 543)	-	-	(281 502)	(622 613)	(3 071 658)	67 440 166
Airfields	494 462	-	-	-	-	-	494 462	(106 313)	-	-	(15 014)	-	(121 327)	373 135
Cemetries	6 869 152	-	-	-	-	-	6 869 152	(101 709)	-	-	(7 497)	-	(109 206)	6 759 946
Clinics	4 155 275	-	-	-	-	-	4 155 275	(736 708)	-	-	(103 170)	-	(839 878)	3 315 397
Libraries	4 857 454	-	-	-	-	-	4 857 454	(553 717)	-	-	(112 482)	-	(666 199)	4 191 255
Landfills	5 126 699	-	-	-	-	-	5 126 699	(700 586)	-	-	(359 275)	-	(1 059 861)	4 066 838
Parks	1 461 195	-	-	-	-	-	1 461 195	(2 569)	-	-	(331)	-	(2 900)	1 458 295
Recreational Halls	3 765 947	-	-	-	-	-	3 765 947	(821 565)	-	-	(106 008)	-	(927 573)	2 838 374
Sports Centres	15 346 028	-	-	-	-	-	15 346 028	(232 720)	-	-	(31 642)	-	(264 362)	15 081 666
Taxi Ranks and Bus Terminals	657 821	-	-	-	-	-	657 821	(97 244)	-	-	(21 464)	-	(118 708)	539 113
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	106 692 035	-	-	6 553 822	-	-	113 245 857	(5 520 674)	-	-	(1 038 385)	(622 613)	(7 181 672)	106 064 185

Appendix B

August 2015

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Museums	435 199	-	-	-	-	-	435 199	-	-	-	-	-	-	435 199
Historical Buildings	2 085 312	-	-	-	-	-	2 085 312	-	-	-	-	-	-	2 085 312
Paintings & Artifacts	47 997	13 687	-	-	-	-	61 684	-	-	-	-	(1 433)	(1 433)	60 251
	2 568 508	13 687	-	-	-	-	2 582 195	-	-	-	-	(1 433)	(1 433)	2 580 762
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
Office Equipment	494 070	1 273 208	-	-	-	-	1 767 278	(90 265)	-	-	(65 915)	(221 639)	(377 819)	1 389 459
Furniture & Fittings	364 246	4 449 598	-	-	-	-	4 813 844	(82 058)	-	-	(51 152)	(637 652)	(770 862)	4 042 982
Plant & Equipment	194 673	1 161 188	-	-	-	-	1 355 861	(79 638)	-	-	(65 105)	(174 005)	(318 748)	1 037 113
Motor vehicles	4 501 546	521 306	-	-	-	-	5 022 852	(1 365 420)	-	-	(433 361)	(88 794)	(1 887 575)	3 135 277
Computer Equipment	807 449	1 838 042	-	-	-	-	2 645 491	(139 110)	-	-	(72 051)	(242 196)	(453 357)	2 192 134
Website Development Costs and Antivirus Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Website Development Costs and Antivirus Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	6 361 984	9 243 342	-	-	-	-	15 605 326	(1 756 491)	-	-	(687 584)	(1 364 286)	(3 808 361)	11 796 965

Appendix B

August 2015

Analysis of property, plant and equipment as at 30 June 2015

Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	256 712 066	-	-	-	-	-	256 712 066	(49 535 883)	-	-	(7 593 355)	-	(57 129 238)	199 582 828
Infrastructure	953 479 336	29 413 764	-	(6 553 822)	-	-	976 339 278	(225 667 318)	-	-	(29 083 094)	-	(254 750 412)	721 588 866
Community Assets	106 692 035	-	-	6 553 822	-	-	113 245 857	(5 520 674)	-	-	(1 038 385)	(622 613)	(7 181 672)	106 064 185
Heritage assets	2 568 508	13 687	-	-	-	-	2 582 195	-	-	-	-	(1 433)	(1 433)	2 580 762
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	6 361 984	9 243 342	-	-	-	-	15 605 326	(1 756 491)	-	-	(687 584)	(1 364 286)	(3 808 361)	11 796 965
	1 325 813 929	38 670 793	-	-	-	-	1 364 484 722	(282 480 366)	-	-	(38 402 418)	(1 988 332)	(322 871 116)	1 041 613 606
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Website Development Costs and Antivirus Software	105 500	198 930	-	-	-	-	304 430	(17 583)	-	-	(191 517)	-	(209 100)	95 330
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	105 500	198 930	-	-	-	-	304 430	(17 583)	-	-	(191 517)	-	(209 100)	95 330
Investment properties														
Investment property	149 388 200	219 493 234	-	-	-	-	368 881 434	-	-	-	-	-	-	368 881 434
	149 388 200	219 493 234	-	-	-	-	368 881 434	-	-	-	-	-	-	368 881 434
Total														
Land and buildings	256 712 066	-	-	-	-	-	256 712 066	(49 535 883)	-	-	(7 593 355)	-	(57 129 238)	199 582 828
Infrastructure	953 479 336	29 413 764	-	(6 553 822)	-	-	976 339 278	(225 667 318)	-	-	(29 083 094)	-	(254 750 412)	721 588 866
Community Assets	106 692 035	-	-	6 553 822	-	-	113 245 857	(5 520 674)	-	-	(1 038 385)	(622 613)	(7 181 672)	106 064 185
Heritage assets	2 568 508	13 687	-	-	-	-	2 582 195	-	-	-	-	(1 433)	(1 433)	2 580 762
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	6 361 984	9 243 342	-	-	-	-	15 605 326	(1 756 491)	-	-	(687 584)	(1 364 286)	(3 808 361)	11 796 965
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	105 500	198 930	-	-	-	-	304 430	(17 583)	-	-	(191 517)	-	(209 100)	95 330
Investment properties	149 388 200	219 493 234	-	-	-	-	368 881 434	-	-	-	-	-	-	368 881 434
	1 475 307 629	258 362 957	-	-	-	-	1 733 670 586	(282 497 949)	-	-	(38 593 935)	(1 988 332)	(323 080 216)	1 410 590 370